



Q4-21 CONFERENCE CALL

February 24, 2022



AGENDA

- Introduction and safe harbor
- CEO – Eyal Harari, Chief Executive Officer
- CFO – Hadar Rahav, Chief Financial Officer
- Q&A

SAFE HARBOR PROVISION

Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the Company's statements about the 5G market and industry trends and expected increase in standalone 5G launches, the role the Company is expected to play in the 5G transformation, sales opportunities, sales cycles and pipeline, the expected impact of currency rates, the Company's market position, cash position, potential and expected growth in 2022 and thereafter, its expectations with respect to research and development and sales and marketing expenses, as well as grants from the Israel Innovation Authority, the Company's expectations with respect to its relationships with Rakuten and AT&T, the potential of the RADCOM ACE product and the integration with Microsoft Azure and AWS, its expectation to continue enhancing its software solutions and demand for its solutions, deployment of its 5G solutions in multiple cloud environments and the potential benefits to its clients, its ability to capitalize on the emerging 5G opportunities and win more market share, the potential of the Company's long term vision and the use of artificial intelligence in its products, its expectation that greenfield operators will choose vendors based on innovation and its revenue guidance. The Company does not undertake to update forward-looking statements. The full safe harbor provisions, including risks that could cause actual results to differ from these forward-looking statements, are outlined in the presentation and the Company's SEC filings.

NON-GAAP FINANCIAL MEASURES

In this conference call, management will be referring to certain non-GAAP financial measures, which are provided to enhance the user's overall understanding of the Company's financial performance. By excluding certain non-cash stock-based compensation expenses, non-GAAP results provide information that is useful in assessing RADCOM's core operating performance, and in evaluating and comparing its results of operations on a consistent basis from period to period. The presentation of this additional information is not meant to be considered a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Investors are encouraged to review the reconciliations of GAAP to non-GAAP financial measures which are included in the quarter's earnings release, which is available on the Company's website at www.radcom.com, the content of which does not form a part of this presentation.

Q4-21 OVERVIEW

- Revenues for the fourth quarter of 2021 were \$11.2 million
- Cash and cash equivalents and short-term bank deposits of \$70.6 million and no debt
- 2022 revenue guidance range of \$42-\$45 million



Fourth QUARTER 2021 FINANCIAL RESULTS



CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

(in thousands of U.S. dollars, except per share data)

UNAUDITED

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Audited
Revenues	\$ 11,158	\$ 10,246	\$ 40,282	\$ 37,562
Cost of revenues	\$ 3,435	\$ 3,116	\$ 11,423	\$ 10,758
Gross profit	\$ 7,723	\$ 7,130	\$ 28,859	\$ 26,804
Gross profit %	69%	70%	72%	71%
Research and development, gross	\$ 5,226	\$ 4,815	\$ 20,347	\$ 19,199
Less - royalty-bearing participation	\$ 194	\$ 308	\$ 537	\$ 1,358
Research and development, net	\$ 5,032	\$ 4,507	\$ 19,810	\$ 17,841
Sales and marketing	\$ 2,726	\$ 2,501	\$ 10,358	\$ 9,709
General and administrative	\$ 1,237	\$ 899	\$ 4,184	\$ 3,836
Total operating expenses	\$ 8,995	\$ 7,907	\$ 34,352	\$ 31,386
Operating loss	\$ (1,272)	\$ (777)	\$ (5,493)	\$ (4,582)
Financial income (expenses), net	\$ (40)	\$ 370	\$ 354	\$ 810
Loss before taxes on income	\$ (1,312)	\$ (407)	\$ (5,139)	\$ (3,772)
Taxes on income	\$ (39)	\$ (54)	\$ (124)	\$ (220)
Net loss	\$ (1,351)	\$ (461)	\$ (5,263)	\$ (3,992)
Basic and diluted net loss per ordinary share	\$ (0.10)	\$ (0.03)	\$ (0.37)	\$ (0.29)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

(thousands of U.S. dollars, except per share data)
UNAUDITED

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Audited
	NON-GAAP (1)			
Revenues	\$ 11,158	\$ 10,246	\$ 40,282	\$ 37,562
Cost of revenues	\$ 3,352	\$ 3,082	\$ 11,216	\$ 10,652
Gross profit	\$ 7,806	\$ 7,164	\$ 29,066	\$ 26,910
Gross profit %	70%	70%	72%	72%
Research and development, gross	\$ 4,748	\$ 4,638	\$ 18,979	\$ 18,320
Less - royalty-bearing participation	\$ 194	\$ 308	\$ 537	\$ 1,358
Research and development, net	\$ 4,554	\$ 4,330	\$ 18,442	\$ 16,962
Sales and marketing	\$ 2,573	\$ 2,317	\$ 9,493	\$ 9,173
General and administrative	\$ 837	\$ 748	\$ 3,265	\$ 3,188
Total operating expenses	\$ 7,964	\$ 7,395	\$ 31,200	\$ 29,323
Operating loss	\$ (158)	\$ (231)	\$ (2,135)	\$ (2,413)
Financial income (expenses), net	\$ (40)	\$ 370	\$ 354	\$ 810
Income (loss) before taxes on income	\$ (198)	\$ 139	\$ (1,781)	\$ (1,603)
Taxes on income	\$ (39)	\$ (54)	\$ (124)	\$ (220)
Net income (loss)	\$ (237)	\$ 85	\$ (1,905)	\$ (1,823)
Basic net income (loss) per ordinary share	\$ (0.02)	\$ 0.01	\$ (0.13)	\$ (0.13)

(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.

OPERATING EXPENSES (GAAP)

(thousands of U.S. dollars)
UNAUDITED

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Audited
Research and development, gross	\$ 5,226	\$ 4,815	\$ 20,347	\$ 19,199
Less - royalty-bearing participation	\$ 194	\$ 308	\$ 537	\$ 1,358
Research and development, net	\$ 5,032	\$ 4,507	\$ 19,810	\$ 17,841
Sales and marketing	\$ 2,726	\$ 2,501	\$ 10,358	\$ 9,709
General and administrative	\$ 1,237	\$ 899	\$ 4,184	\$ 3,836
Total operating expenses	<u>\$ 8,995</u>	<u>\$ 7,907</u>	<u>\$ 34,352</u>	<u>\$ 31,386</u>

OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)
UNAUDITED

	Three months ended December 31,		Twelve months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Audited
	NON-GAAP (1)			
Research and development, gross	\$ 4,748	\$ 4,638	\$ 18,979	\$ 18,320
Less - royalty-bearing participation	\$ 194	\$ 308	\$ 537	\$ 1,358
Research and development, net	\$ 4,554	\$ 4,330	\$ 18,442	\$ 16,962
Sales and marketing	\$ 2,573	\$ 2,317	\$ 9,493	\$ 9,173
General and administrative	\$ 837	\$ 748	\$ 3,265	\$ 3,188
Total operating expenses	<u>\$ 7,964</u>	<u>\$ 7,395</u>	<u>\$ 31,200</u>	<u>\$ 29,323</u>

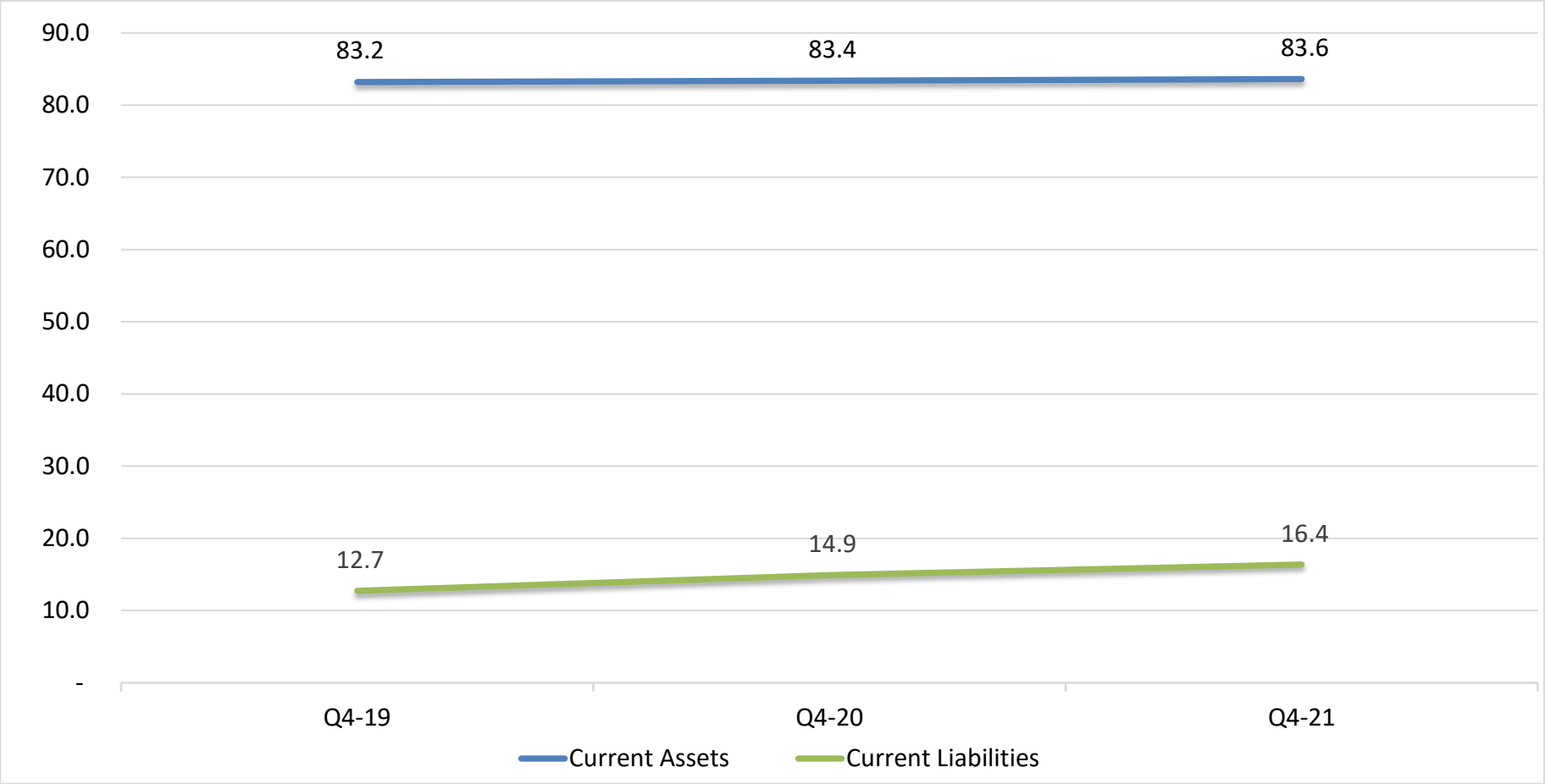
(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of December 31, 2021 (Unaudited)	As of December 31, 2020 (Audited)
Cash and cash equivalents	\$ 11,948	\$ 13,548
Short-term bank deposits	\$ 58,621	\$ 55,413
Trade receivables, net	\$ 10,031	\$ 12,446
Inventories	\$ 931	\$ 540
Other accounts receivable and prepaid expenses	\$ 2,078	\$ 1,437
Total Current Assets	\$ 83,609	\$ 83,384
Severance pay fund	\$ 3,840	\$ 3,814
Other long-term receivables	\$ 1,258	\$ 2,185
Property and equipment, net	\$ 1,260	\$ 1,311
Operating lease right-of-use assets	\$ 1,808	\$ 2,945
Total Non-Current Assets	\$ 8,166	\$ 10,255
Total Assets	\$ 91,775	\$ 93,639
Trade payables	\$ 2,651	\$ 1,592
Deferred revenues and advances from customers	\$ 2,700	\$ 3,149
Employee and payroll accruals	\$ 4,422	\$ 4,414
Operating lease liabilities	\$ 1,045	\$ 1,028
Other liabilities and accrued expenses	\$ 5,543	\$ 4,721
Total Current Liabilities	\$ 16,361	\$ 14,904
Deferred revenues	\$ -	\$ 26
Accrued severance pay	\$ 4,335	\$ 4,473
Operating lease liabilities	\$ 894	\$ 2,008
Other liabilities and accrued expenses	\$ 31	\$ 209
Total Non-Current Liabilities	\$ 5,260	\$ 6,716
Total Liabilities	\$ 21,621	\$ 21,620
Shareholders' Equity	\$ 70,154	\$ 72,019
Total Liabilities and Shareholders' Equity	\$ 91,775	\$ 93,639

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU